

REMARKS OF
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ADMINISTRATION ON AGING

TO THE

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NATIONAL ASSOCIATION OF AREA AGENCIES ON AGING

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This text is the basis of the oral remarks of the Assistant Secretary for Aging. It should be used with the understanding that some material may be added or omitted.

Introduction

- Good morning, everyone!
- If we were anywhere else at this fairly early hour in the morning, I might be a little worried that my audience was not yet awake. But this is **Starbucks** country, so I'm guessing that great Seattle coffee has made you alert enough for us to get to work.
- I am thrilled to be here at N4A's 30th Annual Conference and Trade Show, and I am grateful for the opportunity to address you again on behalf of the Administration, HHS and AoA.
- I have so much information to share with you that in planning these remarks It was hard to figure out how to fit it all in. The easy part was deciding where to start.
- It is easy for me to begin by thanking you for your dedication and commitment to elderly people. It is easy to begin by thanking Sandy Markwood and her staff at N4A, and Donna Harvey, and the rest of the N4A Board, for their exemplary leadership within the Aging Network, and especially over the past year. And thank you to Aging and Disability Services—Seattle's Human Services Department, the Washington Association of Area Agencies on Aging, and other local leaders who have contributed so much to the success of this conference.

- It is easy for me to begin by acknowledging that area agencies on aging continue to prove their worth and their mettle as leaders within the largest long-term care system in this country.
- It is easy for me to begin by telling you that you have already made a significant dent in addressing the challenge of the “Boomers in Transition,” which is the theme of your conference this year.
- We have so much to talk about today in part because you have stepped up to the plate in so many ways to advance the cause of choice and independence for elderly people over the last year.

Announcements

- I will be followed this morning by Dr. Mark McClellan, the Administrator of the Centers for Medicare and Medicaid Services (CMS), who will talk to you about the campaign to reach out to and enroll people with Medicare in the new drug benefit that becomes available in January 2006 under the Medicare Modernization Act.
- This is the most significant benefit to be added to the Medicare program since it was created forty years ago. It will be a major enhancement to our efforts to promote choices for elderly people that allow them to remain **healthy** and **independent** in their homes and communities.

- At the end of this session this morning, Sandy Markwood and I will celebrate with you the fortieth anniversary of an equally important piece of legislation, the Older Americans Act, and we will toast to a significant and bold new chapter in our partnership, which recognizes the effectiveness of area agencies and the Aging Network as a leader in the community with unequaled capacity to help people with Medicare learn about and enroll in their new benefits.
- We can also celebrate other opportunities and tools that have been created to help us reach out to the consumers we serve with information and opportunities to enroll in the new Medicare benefits.
- I am very excited to publicly announce a new partnership with the National Council on the Aging, which, with funding from AoA and CMS, has developed tools, branded under the “Benefits-Check-Up” name, that will help seniors evaluate and apply for extra help with prescription drug and other health care needs.
- These tools will also help consumers and the agencies assisting them find the prescription drug programs and other key benefits they qualify for. The NCOA product will actually include an “Organizational Edition” of the tool for use by Area Agencies, SHIPs and other community based organizations.

- Our goal under this effort is to have 2,000 organizations actively using these tools so that seniors with limited incomes and resources receive the extra help they need. I encourage you to go to the NCOA exhibit booth to learn about the Tools, how you can join with us, and about how to sign up for a *complimentary* subscription.
- I am always excited to announce the resources that we are making available to the Network to serve elderly people in a variety of ways. We have just released over 10.5 million dollars in grants to support the Alzheimer's Disease Demonstration Program, and another 9.4 million dollars to support our national Senior Medicare Patrol programs in educating people with Medicare and Medicaid about how to help us protect the integrity of the those programs.

Reauthorization

- But mainly, I want to talk to you today about our plans to take our partnership to new levels by modernizing the Older Americans Act to help achieve the vision for long-term care systems that we have been developing and addressing for four years now.
- During the past forty years, the Older Americans Act has served older persons well, by producing a wide variety of programs to support their needs.
- It brought Federal support to meals-on-wheels, making it one of the most worthwhile volunteer ventures in the history of this nation.

- It brought quality to senior center programs, providing seniors an opportunity to socialize and to improve their health status through nutrition, health screening, medication management, and physical activity programs.
- It has provided support to some of the most vulnerable elderly through the Ombudsman program in long-term care facilities.
- It has brought attention and support to efforts to protect the rights and resources of elderly people, recognizing that protection of elder rights is critical to their independence and well-being.
- More recently, the Older Americans Act brought recognition and support to family caregivers, who account for the vast majority of all of the long-term care provided to elderly and disabled persons across the U.S.
- But, perhaps the most significant contribution of the Older Americans Act over the past 40 years is the emergence of the national aging services network, which is the largest provider of home and community-based care for the elderly in the U.S. -- administering 3 to 4 billion dollars for that purpose each year.

- With the OAA and early reauthorizations of the Act, Congress charted out a vision for a nationwide network of public and private agencies, led by area agencies on aging employing the use of “bottom-up” planning, and organized around the common purpose of developing a comprehensive and coordinated system of care to help older people live at home for as long as possible and avoid unnecessary placement in nursing homes.
- The system envisioned in the OAA has become a consumer-driven, locally-designed service program, supported by multiple funding streams, and capable of reaching people with low-cost social interventions long before they need intensive services, so that preventive opportunities can be optimized.
- The system was envisioned to be available to people of all income levels, with service resources targeted at those most in need, especially low-income minority, isolated and limited-English speaking populations.
- Over the last four decades, AoA has guided the development of a nationwide infrastructure that now provides a wide array of home and community-based services to over 8 million elderly individuals each year -- including 3 million individuals who require intensive services, many of whom meet the functional requirements for nursing home care.

- Each year, this infrastructure now also provides direct services to over 600,000 caregivers, family members and friends who are struggling to keep their loved ones at home. It provides information and assistance to 8 million people who are interested in learning more about the caregiver program.
- Many states have looked to their Aging Services Networks to lead the development of their long-term care systems, including states that have created some of the most balanced and cost-efficient systems of care such as Oregon, Washington and Vermont.
- All State Units on Aging have been given responsibility to administer state revenue programs; over 30 State Units administer Medicaid Waiver Programs and State Health Insurance Counseling Programs; over 25 states have expanded the authority of the State Aging Units to serve younger populations with disabilities; and 22 of the 24 funded states have authorized their State Units on Aging to administer the Aging and Disability Resource Center program.

Modernizing the Act

- We believe that just as the Older Americans Act created a national network that has provided so much in helping elderly people maintain their independence in the community, the Act should now be modernized to help the country and that network, **to help you**, **continue** to **build** and **strengthen** community-based care for the future.
- In this fortieth anniversary year, it is appropriate for us to pursue the modernization of this legislation to meet the needs of the next generation of elderly individuals: the baby boom generation.
- Consistent with the mission of the Act and the President's New Freedom Initiative, our strategies for reauthorization of the Older Americans Act will focus on 4 **simple**, but **relevant principles** that **you** have **fostered** for **years**:
 - consumer information and choice;
 - support for those at high-risk of disability and poverty before they are disabled and poor;
 - providing care to people where they want it; and
 - prevention of conditions that cause disability and disease.
- The Older Americans Act has complemented Medicare and Medicaid since its passage forty years ago, and it is appropriate for the Act to support that legislation now.

- As the Department of Health and Human Services and CMS work to modernize Medicaid, we also are working to modernize the Older Americans Act, and to do so in a way that will help make Medicaid more sustainable for the future.
- Three major issues related to LTC and Medicaid must be addressed in the modernization of the Older Americans Act:
 - 1) the growing demand for long-term care;
 - 2) the future public and private costs of long-term care; and
 - 3) the systemic problems of the current long-term care system.
- We all know that the shift in our nation's demographics will have profound implications for every aspect of our society, and particularly for the future of long-term care and how it is provided. Families are expected to be smaller in the future than they are today, and if current trends continue, a greater proportion of women may be in the labor force.
- This trend is projected to make informal care less available, especially since women currently provide the majority of such care, and will lead to a greater reliance on formal paid care.
- The issue of growing demand is also directly linked with the baby boom generation. As they age, the demand for long-term care services is certain to increase.

- Even before the demands of the baby boom generation kick in, the costs of long-term care are enormous. This year, \$129 billion will be spent on older individuals receiving paid care. The major sources of financing are:
 - Medicaid (accounting for 39%);
 - individual and private out-of-pocket expenses (36%); and
 - Medicare, -- accounting for 20%.
- Another significant source of care, which we cannot afford to ignore, is donated or non-paid care provided by families, friends and neighbors. Over 95 percent of all chronically disabled elders living in the community receive at least some unpaid family care, and two-thirds rely exclusively on such help.
- Nearly every governor has cited that the cost of long-term care is a key contributor to the growing fiscal crisis facing the Medicaid program nationwide. So, as the population ages and fiscal pressures on state Medicaid budgets increase, it becomes increasingly important to find more effective ways to finance and deliver long-term care.
- While views may vary on exactly what we should do to prepare for the baby boom, everyone agrees that there are major problems with our current approach to long-term care, and our system of care needs fundamental reform. It is out of sync with people's needs and preferences. It is fragmented, confusing and inefficient. And it is financially unsustainable for individuals, families and our society at large.

- Studies consistently show that seniors have an overwhelming preference to receive support at home. Yet, our support system is heavily weighted in favor of nursing home care.
- Estimates show that 75 to over 80 percent of all Medicaid expenditures on long-term supports for the elderly are currently spent on nursing home care. And while nursing home care is a critically important component of our support system, most experts agree we need to provide more opportunities for home and community-based services.
- Another major problem with our current system is that it is fragmented, terribly confusing to consumers, and inefficient. Most people are simply unaware of their potential need for long-term care and their financial exposure to costs.
- When older people or their family members do seek out information or care, they face a complex, and often mind-boggling maze of publicly supported and private options, administered by a wide variety of providers operating under different, sometimes conflicting rules and regulations. Consumers consistently report experiencing serious difficulty and frustration in trying to learn about and access available options.

- So, just as the Older Americans Act has been the solution for so many significant policy challenges affecting frail elderly people in the past, we believe the Act is a very significant part of the Nation's solution to the emerging long-term care financing problems that we face now. And this solution will build on policies that are already in place.
- We believe we need to go beyond the confines of the Medicaid Program in order to effectively redirect our system of care and prepare our nation for the concept of **long-term living**.
- We believe a policy that focuses exclusively on the Medicaid population ignores the needs of the vast majority of older people, because only 12% of the elderly are eligible for Medicaid at any point in time.
- There are three strategies that are particularly relevant for the non-Medicaid population:
 - empowering consumers to plan for long-term care before they are old, and to make informed decisions;
 - targeting limited public resources to help high-risk individuals stay out of nursing homes and off Medicaid; and
 - promoting the use of programs that can help older people reduce their risk of disease, disability and injury.

- Helping all individuals make informed choices – including choices about their financing and care options – can enhance people’s ability to stay at home and improve the quality of their lives. For example, increased awareness of private long-term care insurance and other products would go a long way toward advancing these two goals.
- Long-term care insurance is a relatively new product, and is currently under-utilized. Only about 4% of Americans aged 45 and older, with incomes of at least \$20,000, currently have such insurance.
- The Administration has launched two complementary initiatives to empower people to make informed decisions about their financing and care options and it is our intention to build on these--
 - The ***Own Your Future Campaign*** an initiative designed to encourage more people to plan ahead for their long-term care and
 - The **Aging and Disability Resource Center** (ADRC) Program, our one-stop shop model for accessing information about services.
- Another strategy for helping the non-Medicaid population while reducing pressure on Medicaid, is targeting limited amounts of public resources to help individuals who are at high risk of nursing home placement to remain at home for as long as possible. The research shows that effectively targeting these individuals is key to saving public dollars.

- We know that most long-term care needs emerge from chronic diseases and other conditions, as well as from injuries suffered as a result of a fall or other accident. We also know these conditions and their effects can be mitigated, even for people who are very old, through life-style changes and disease management programs.
- Yet, our formal system of long-term care – like our acute care system - still emphasizes medical services over prevention.
- There is a growing body of scientific research, documenting evidence-based programs that have proven effective in reducing the risk of disease, disability and injury among the elderly.
- Strategically deploying these programs at the community level through venues, like senior centers and congregate meal programs, that can reach large numbers of older people when the opportunities for prevention are optimal can improve the quality of life and reduce health care costs.
- As an example, AoA has launched an Evidence-Based Prevention Program in partnership with NIA, CDC, AHRQ, CMS and the John A. Hartford, Robert Wood Johnson, and several other community foundations.
- The program is designed to demonstrate the efficacy of implementing evidence-based models at the community level through aging service provider organizations. They focus on disease self-management, falls prevention, nutrition, physical activity and medication management.

- We believe the 2005 Reauthorization of the Older Americans Act provides a unique and timely vehicle for accelerating the long-term care policy development that is needed to fully prepare the country for the aging of the baby boom and the emergence of long-term living as a common experience of life.
- With the reauthorization we will pursue changes that will improve the efficiency and effectiveness of the largest long-term care provider network in the country. Prominent among those changes will be the integration of long-term care and efficiency in access to care by those who need it.
- We will pursue changes that recognize that we cannot wait until people are old and frail and poor to begin to address their long-term care needs. This will require that those who are not old should plan for their own long-term care sooner.
- It will require us to assist the elderly who are not poor to make creative use of their resources to finance and support their care, with limited government assistance, to prevent poverty and the loss of independence.
- We will pursue changes that recognize the preferences of people for long-term care, which means a greater focus on community-based care and providing choice and control to consumers in the management of that care.

Conclusion

- I am talking today about Independence and Choice, and the opportunities that we as a Network have to advance the cause of independence and choice for elderly and disabled people who need and use our services.
- The value and the importance of independence require no explanation. In this country, independence is the core principle that binds us as a Nation.
- Nor does independence require explanation in the context of the Older Americans Act, because the independence of elderly people is at the center of our mission. Independence in the community is what elderly people overwhelmingly prefer.
- Just as we understand and appreciate the importance of independence, we also recognize the value of “choice,” because you cannot have independence without choice.
- If we are to foster the independence of elderly people in the community, then we have to provide choices that allow them to exercise their independence.
- We have to provide options that allow them to choose **where** they will live. We have to provide options that allow them to choose **who** will provide care to them when they need it. We have to provide options that allow them to choose **how** their assets will be protected and used to support them as they age.

- We have to provide options to allow those who are not yet old to make choices about **how** they will **age** and **how** they will **provide** for their own long-term care.
- At AoA, our commitment to continuously improve advocacy and service on behalf of elderly people, has led us to develop the concept of “Choices for Independence.” It will be at the heart of our reauthorization efforts.
- Based on the principles that are embodied in our mission, it is a concept that I believe can guide us in modernizing the way that we think about the future of community-based long-term care in this country.
- We need a system of long-term care that is based on choice and not only on disability and poverty. Too many individuals today are receiving forms of long-term care that they did not foresee, and they are receiving it in places that they would not choose.
- We need a system of long-term care that can help people to plan for and to choose their care while they have choices and resources to exercise those choices.
- We need a system of long-term care that educates people about the role of prevention in long-term living and that provides options to allow people to prevent chronic disease and disability before disabling conditions occur.

- We need a system of long-term care that communicates **clearly** and **simply** with people in the community so that care options and eligibility are readily accessible and understandable.
- We need a system of long-term care that provides options to allow elderly people to protect and better manage their resources while they plan and provide for their own long-term care needs.
- We need a system of long-term care that recognizes that when we protect the rights of elderly people we are increasing their chances to choose to remain independent in the community.
- We need a system of long-term care that keeps **you at the core**, that recognizes your success and your contributions in serving elderly people who are at risk of losing their independence.
- I am so proud of the partnership we have forged to lead this Nation and the baby-boom generation to a future of aging that is characterized by choice, independence, health, and long-term living.
- Thank you very much and God bless you all.

(Break for Mark McClellan's remarks.)

Announcement of n4a Medicare Outreach Contract and 40th Anniversary

- I would like to conclude today with a special thank you to Sandy Markwood, Donna Harvey and to the n4a board.
- I am also pleased to announce that the Administration on Aging has signed a contract with n4a that will give us the opportunity to work with n4a, NASUA and NCOA to help provide training and resources to the aging network as they provide assistance to persons with Medicare on the Medicare Prescription Drug Benefit.
- We will be working to provide enrollment support to hard-to-reach populations and their caregivers including African American, Hispanic, Asian, home—bound, residents of long-term care facilities and rural populations.
- Over the coming months, AoA will be working closely with CMS and n4a to identify areas where there may be gaps, geographical or other (such as minority or rural populations) and provide training and resources to the aging network to help fill those gaps.
- N4a will be working through the AoA and CMS regional office campaign structures to integrate the aging network for training opportunities, obtaining CMS materials for the network and coordinating media opportunities.
- Technical assistance will be provided through training opportunities including conference calls, web-based training, list serves and one-on one support.
- So that gives us a great reason to celebrate. We also have another reason to celebrate:
- This Thursday, July 14 marks the actual date that the Older Americans Act was signed into law.
- This year also marks the 40th anniversary of Medicare and Medicaid, two enormously important programs for older Americans.
- As you came into this morning's session, staff handed you an anniversary card. This card is a reminder of our accomplishments over the last forty years as well a harbinger of the future of a modernized Older Americans Act.

- Anniversaries provide us an opportunity to reflect and to look forward. As we move forward we must focus on choice, independence and prevention as strategies for meeting the needs of all older Americans.
- Now, since you can't have an anniversary without a cake, Sandy and I will do a ceremonial cake cutting. Happy 40th Anniversary! Thank you for joining us at today's session.